

Jacksonville Multifamily Market Presents Strong Value-Add Opportunities for Investors

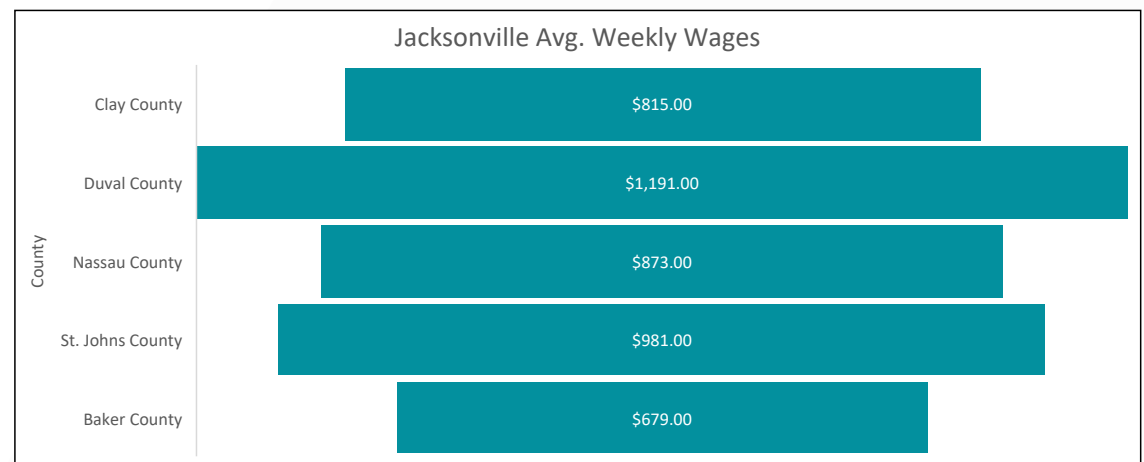
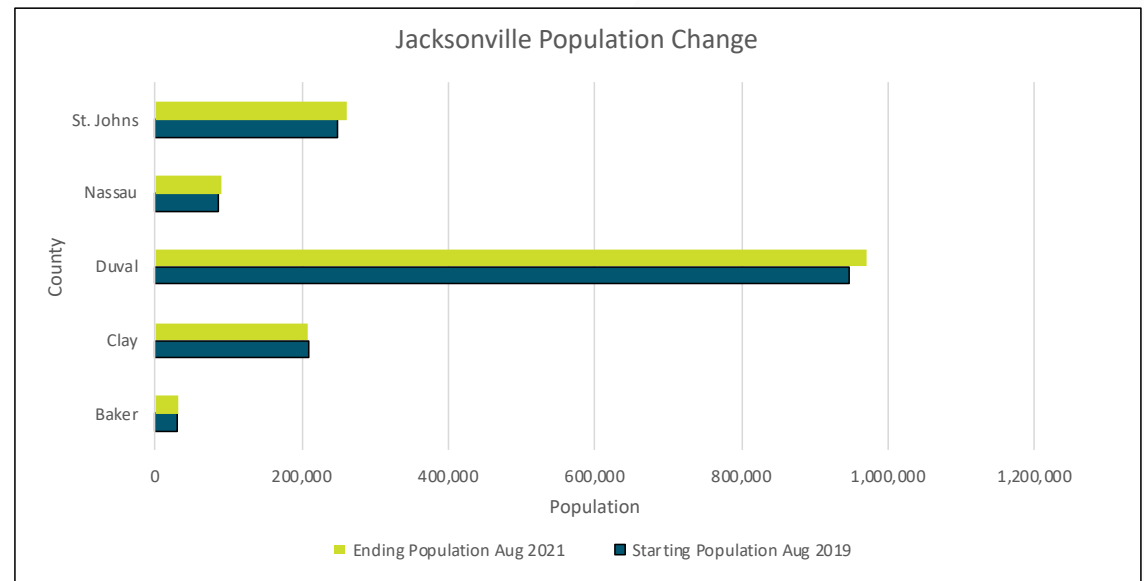
JACKSONVILLE DEMOGRAPHIC TRENDS Jacksonville, the largest city in the state of Florida, has experienced positive population changes, increases in wages, and has outperformed the U.S. in terms of employment growth.

Over the past two years, only Clay County has experienced a decline in total population by -0.81%. Duval County increased its total population by approximately 24,000 people. Percentage-wise, Nassau, St. Johns, and Baker counties all increased their populations by 5.27%, 5.06% and 4.92%, respectively.

Notably, Jacksonville sustained higher employment percentage gains in all quarters shown in the chart besides Q1-21. Q2-20, which represents the height of the Covid-19 pandemic, showed that Jacksonville did not suffer at the same rate as most cities in the United States.

JACKSONVILLE MULTIFAMILY FUNDAMENTALS Class B multifamily properties controlled majority of the total sales volume in Q3-21. Approximately 66% of total sales involved Class B properties, amounting to over \$420 million. Class A properties represented 28% of the overall sales volume in the market and produced over \$180 million in sales volume. Class C properties represented the remaining 6%, representing \$34 million.

Duval County represented most of the investment sales volume in Jacksonville. Investors varied amongst the multifamily asset class; however, institutional investors were the most active in Q3-21, representing 51% of the buyers' market. Private buyers, users, and private equity investors represented 29%, 10% and 10% of buyers, respectively.

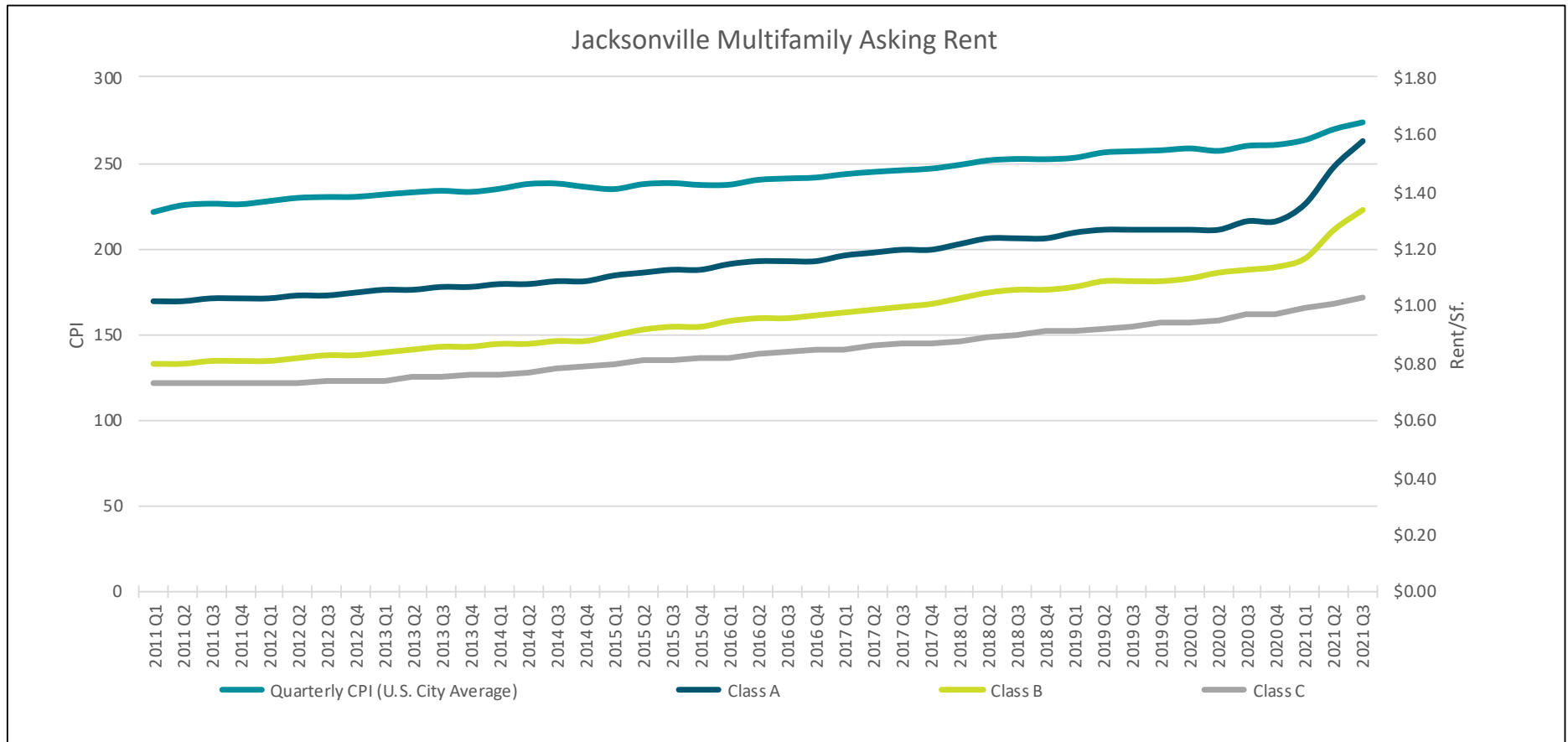


SUPPLY & DEMAND Vacancy rates have continued to decrease quarter over quarter in Jacksonville. Strong market fundamentals were displayed as approximately 1,300 units were delivered and vacancy rates still declined quarter over quarter.

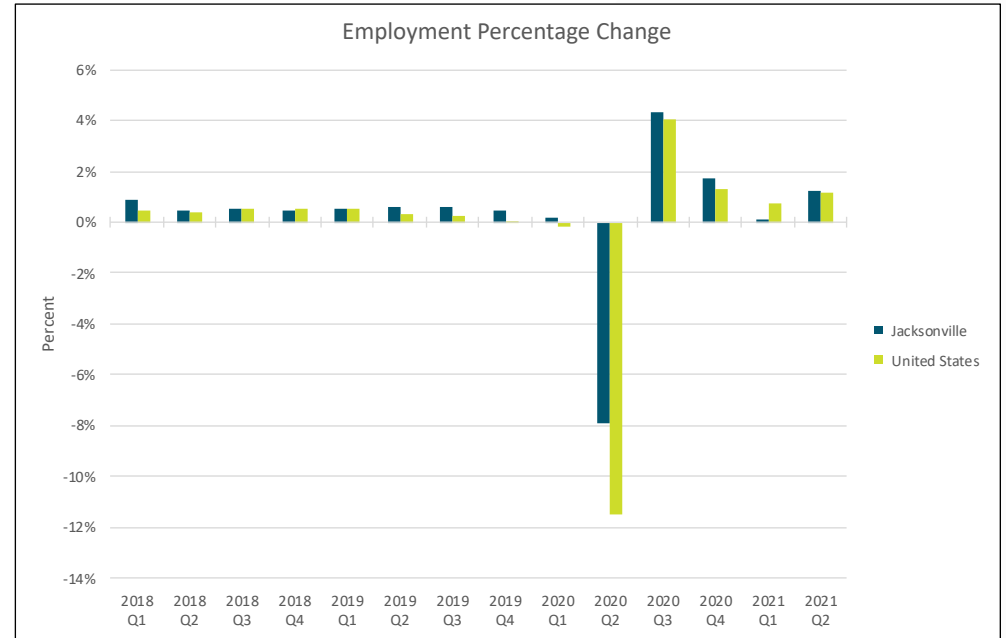
PRICE/UNIT Multifamily prices per unit hit an all time average high in Q3-21 for Class A and Class B properties. Class A properties in Jacksonville averaged over \$249,000 per unit. Class B properties averaged a new high of \$168,000 and Class C properties averaged approximately \$79,000 per unit. Year to date, per unit pricing for Class A, B and C properties increased by 36.41%, 48.35% and -8.22% respectively.

Fannie Mae and Freddie Mac originated \$99,338,153 and \$75,491,000 in debt originations associated with multifamily properties in Jacksonville, Florida. The trailing 12-month spread to treasury yields was higher for Fannie Mae than Freddie Mac. Fannie showed a spread of 201 basis points while Freddie Mac showed a spread of 174 basis points.

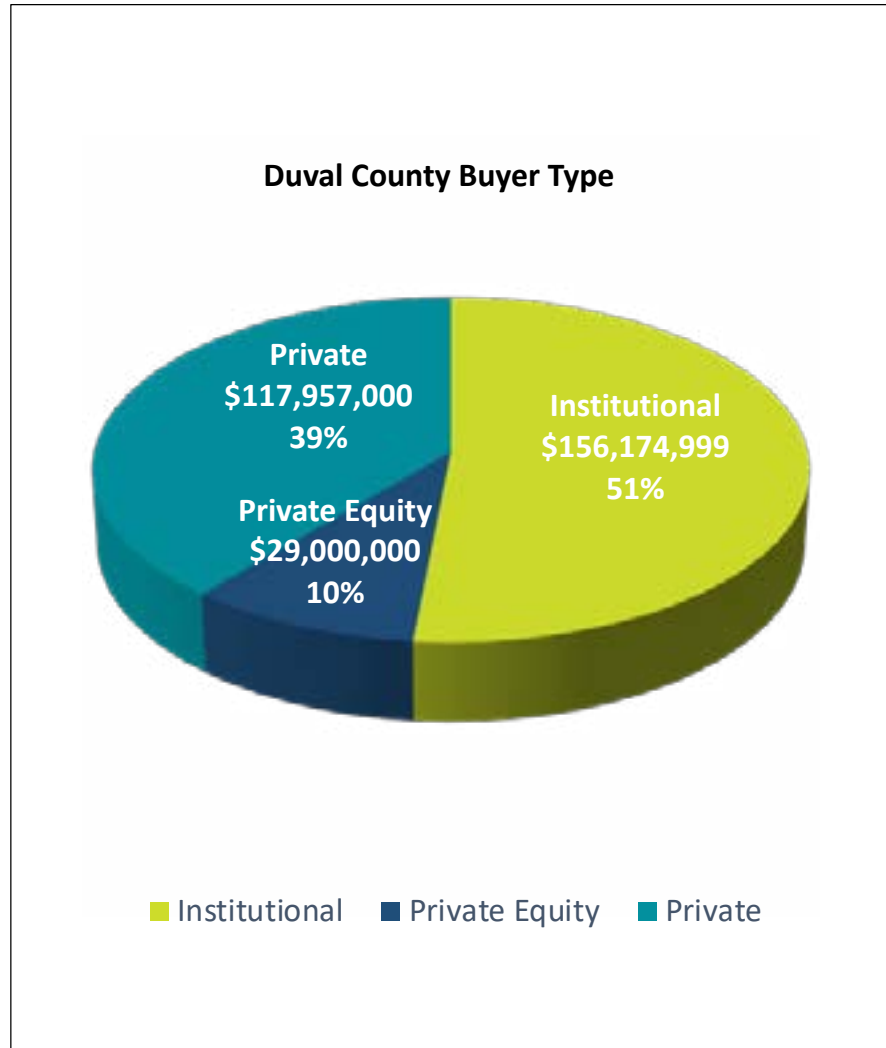
ANALYSIS AND FORECAST Jacksonville has long been supported by healthy market fundamentals consisting of rent growth, population growth and continuous multifamily value appreciation. This market is positioned for success as it is supported by the largest population of any city in the state. Jacksonville presents a value-add investment opportunity to investors looking for multifamily properties that want to enjoy significant price appreciation in value as well as increasing cash flows. Relative to other Florida cities such as Miami, Orlando and Tampa, Jacksonville rents and average price per unit are much lower across multifamily assets. The market's strength is also supported by low vacancy rates and positive absorption.



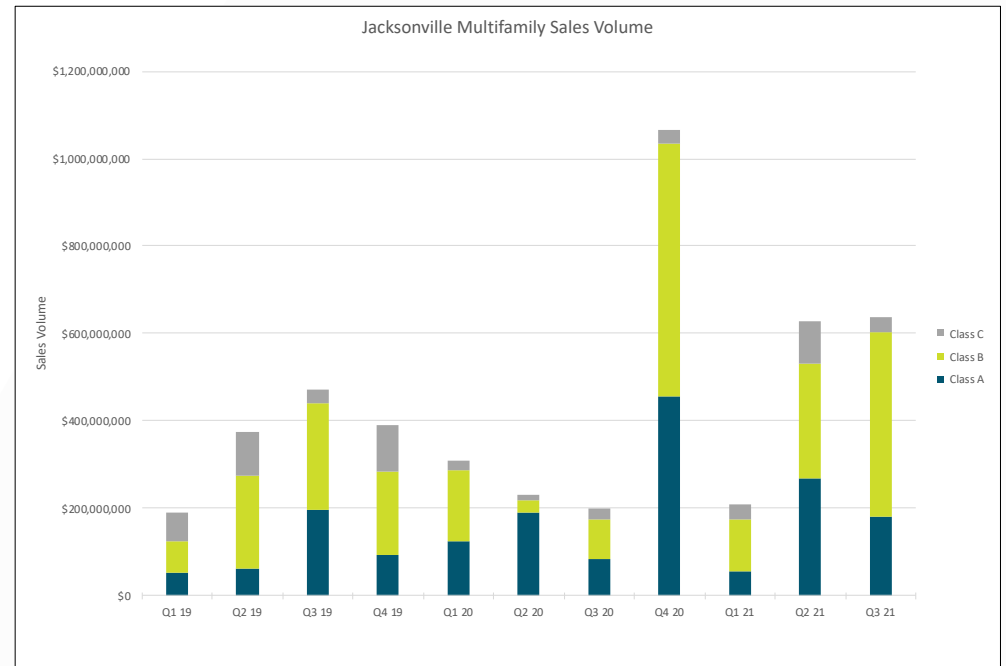
ASKING RENT Asking rents continued to increase quarter over quarter and have experienced a sharp increase from Q2-21 to Q3-21 amongst Class A, B, and C properties in Jacksonville. Average asking rents for Class A properties were \$1.58/sf and increased 6.04% quarter over quarter. Average asking rents for Class B properties were \$1.34/sf and increased by 5.51% quarter over quarter. Average asking rents for Class C properties were \$1.03/sf and increased by 1.9% quarter over quarter.



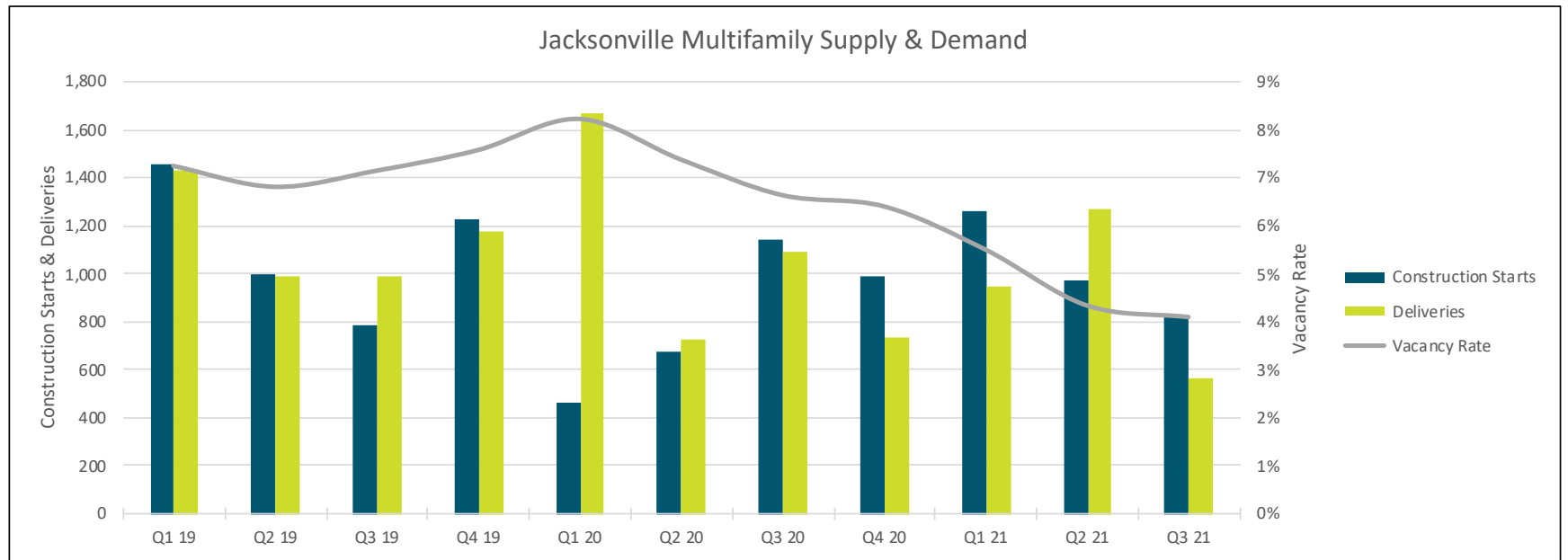
Source: BLS.Gov



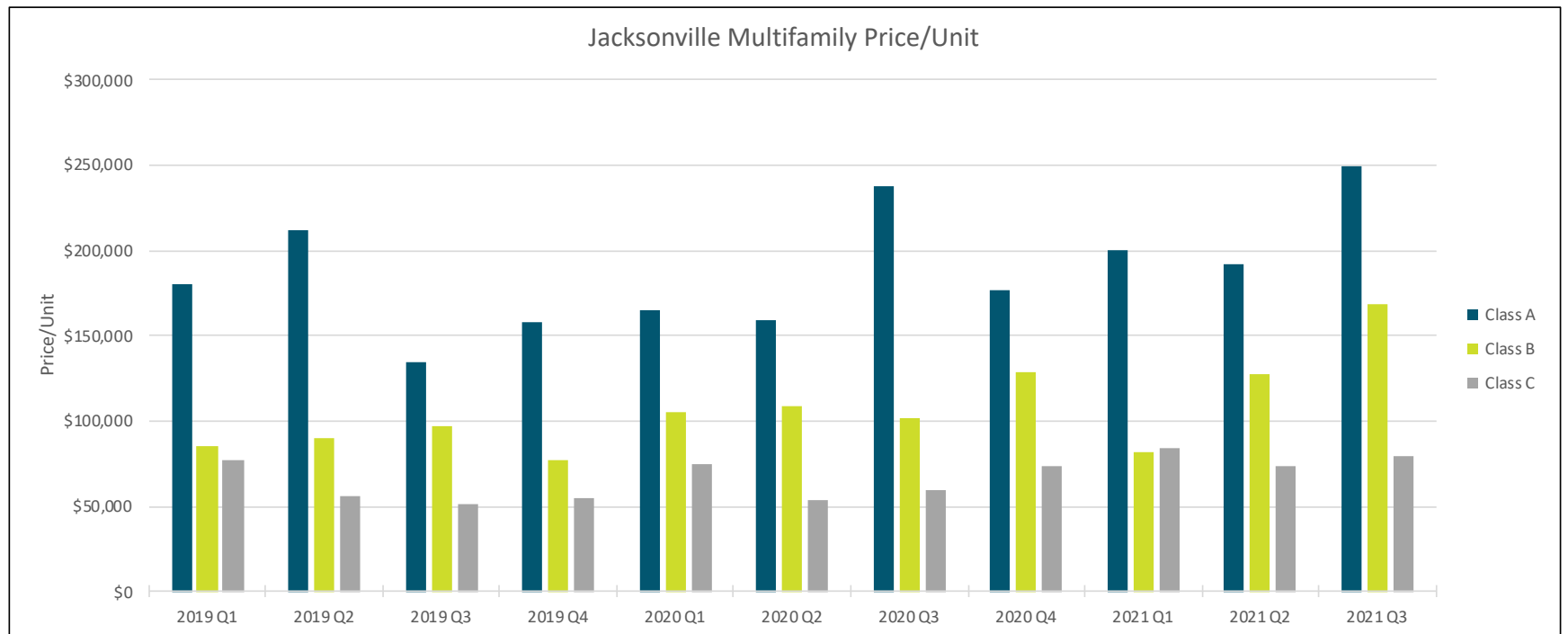
Source: CoStar



Source: CoStar



Source: CoStar



Source: CoStar

JACKSONVILLE, FL DEBT ORIGATION	LAST QUARTER ORIGATION		CURRENT BALANCE		TTM WA SPREAD TO TSY	
MSA	FANNIE MAE	FREDDIE MAC	FANNIE MAE	FREDDIE MAC	FANNIE MAE	FREDDIE MAC
Jacksonville, FL	\$99,338,153	\$75,491,000	\$2,286,524,037	\$3,392,722,610.01	201	174

Source: Trepp.com

JACKSONVILLE YOY MULTIFAMILY RENT GROWTH											
PERIOD	BAKER	CLAY	DUVAL	NASSAU	ST. JOHNS	PERIOD	BAKER	CLAY	DUVAL	NASSAU	ST. JOHNS
2021 Q3	1.735%	19.072%	17.663%	17.596%	16.520%	2016 Q2	2.247%	4.805%	3.633%	3.469%	3.983%
2021 Q2	1.477%	14.643%	13.582%	18.075%	9.675%	2016 Q1	1.841%	3.705%	4.424%	3.203%	3.014%
2021 Q1	1.404%	8.523%	6.562%	11.847%	4.371%	2015 Q4	-0.455%	4.862%	4.362%	3.479%	2.691%
2020 Q4	1.503%	7.511%	3.180%	6.478%	2.201%	2015 Q3	-2.620%	3.407%	4.808%	3.362%	2.296%
2020 Q3	1.684%	5.982%	3.030%	4.995%	1.203%	2015 Q2	-3.556%	3.059%	4.721%	1.935%	2.666%
2020 Q2	1.810%	3.472%	1.442%	2.012%	2.979%	2015 Q1	-1.568%	2.713%	3.576%	1.904%	2.857%
2020 Q1	1.793%	2.789%	1.643%	1.616%	2.615%	2014 Q4	2.468%	1.600%	2.766%	1.091%	2.075%
2019 Q4	1.837%	2.300%	2.555%	6.276%	3.107%	2014 Q3	4.969%	2.463%	2.353%	1.107%	1.867%
2019 Q3	1.659%	1.745%	2.503%	4.093%	5.069%	2014 Q2	5.914%	2.906%	2.138%	1.931%	1.173%
2019 Q2	2.109%	4.284%	3.473%	1.757%	3.102%	2014 Q1	4.007%	2.199%	2.478%	3.265%	1.090%
2019 Q1	2.364%	5.263%	3.868%	3.717%	2.361%	2013 Q4	0.129%	1.567%	2.451%	3.557%	2.018%
2018 Q4	2.519%	4.873%	4.058%	1.082%	2.010%	2013 Q3	-4.876%	3.277%	2.840%	2.741%	2.293%
2018 Q3	2.567%	7.925%	4.427%	4.810%	2.150%	2013 Q2	-5.085%	4.183%	2.885%	2.663%	2.895%
2018 Q2	2.293%	6.690%	4.365%	5.817%	2.358%	2013 Q1	-5.391%	4.066%	2.726%	1.108%	3.432%
2018 Q1	2.142%	6.155%	4.029%	4.048%	4.506%	2012 Q4	-3.718%	3.525%	2.237%	0.647%	2.727%
2017 Q4	2.064%	7.074%	3.864%	2.791%	2.706%	2012 Q3	0.858%	2.444%	1.902%	1.244%	2.522%
2017 Q3	1.925%	4.158%	3.920%	2.279%	3.346%	2012 Q2	0.609%	1.477%	1.578%	1.175%	1.783%
2017 Q2	1.845%	3.056%	3.391%	2.236%	3.968%	2012 Q1	0.618%	1.727%	1.228%	1.172%	1.240%
2017 Q1	2.083%	3.822%	2.992%	2.613%	3.019%	2011 Q4	0.330%	0.521%	1.237%	0.940%	1.303%
2016 Q4	2.043%	3.357%	3.358%	2.842%	5.850%	2011 Q3	-0.106%	-1.293%	0.628%	0.362%	0.762%
2016 Q3	2.160%	3.906%	3.017%	2.558%	4.910%	2011 Q2	0.228%	-0.616%	1.035%	0.567%	1.073%
						2011 Q1	0.343%	0.533%	0.838%	0.525%	-0.710%

Source: CoStar

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